



The Aging U.S. Labor Force and Senior Digital Literacy

Labor Force Trends and the Senior Digital Divide: Investing in Older Americans

by

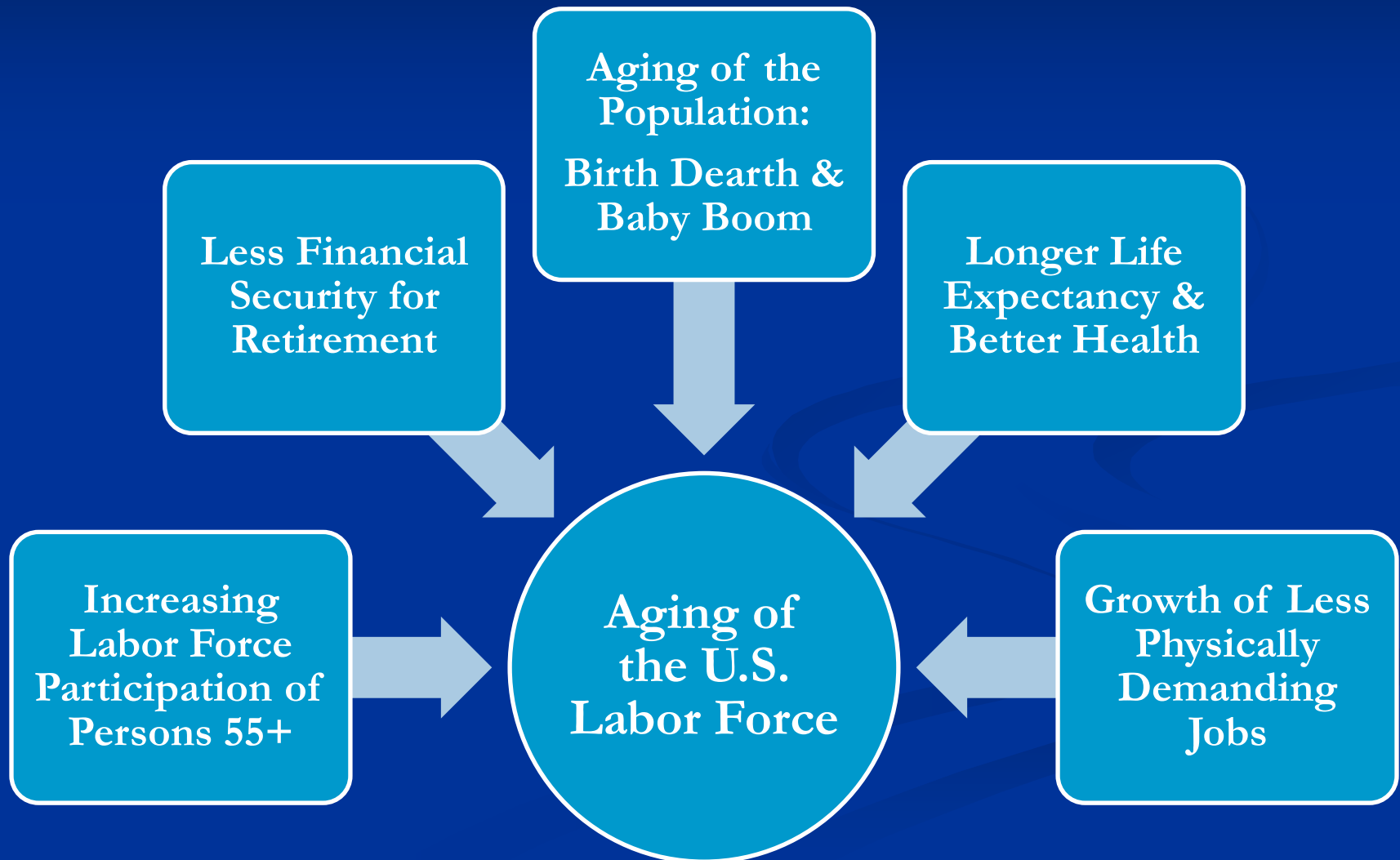
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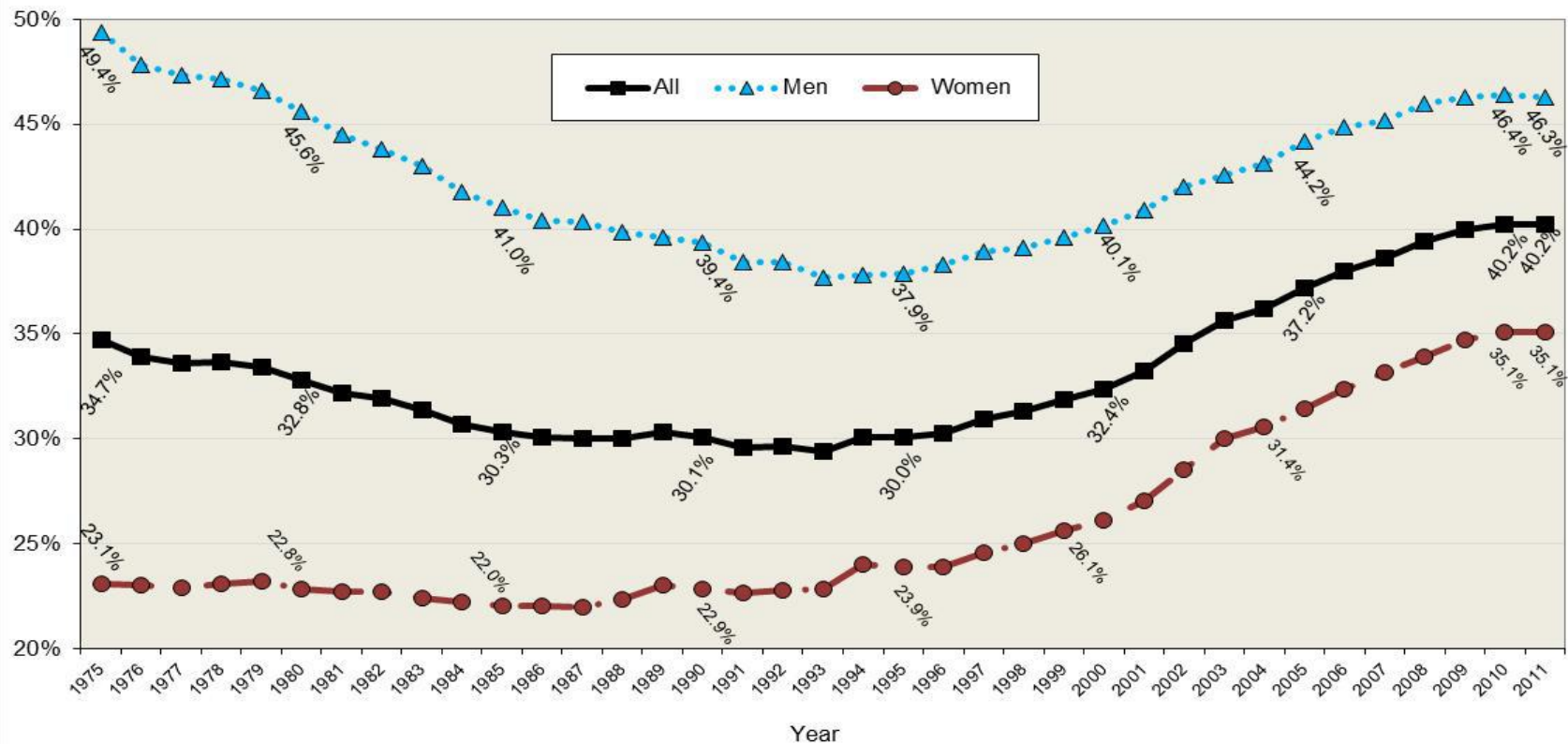
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Demography and Economics are Destiny: Aging of the U.S. Labor Force



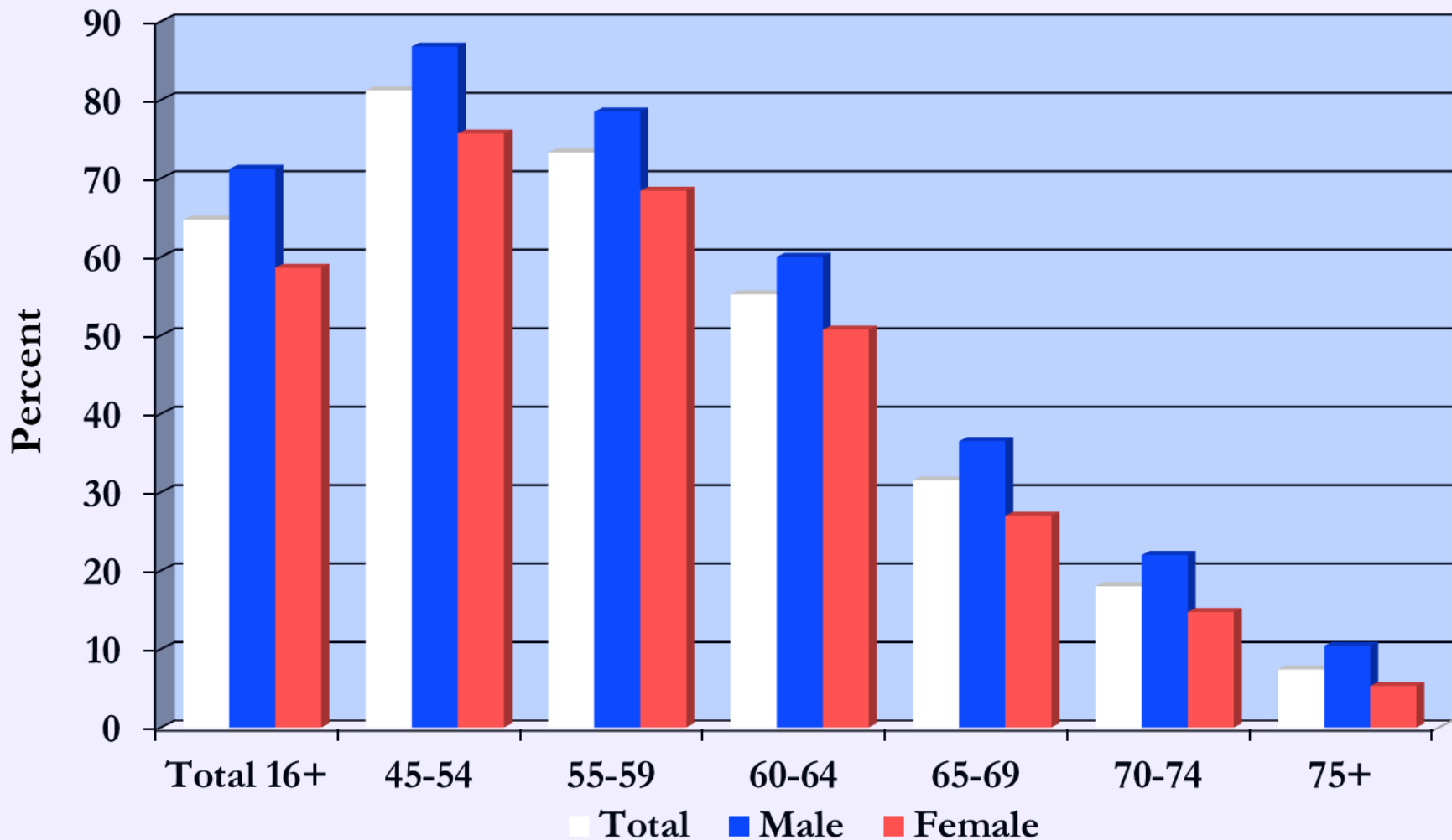
Trends in Age 55+ Labor Force Participation Rate, by Gender: U.S. 1975-2011

Figure 1
Annual Civilian Labor-Force Participation Rate for
Americans Age 55 and Older, by Gender, 1975–2011



Source: U.S. Department of Labor, Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey--Civilian Labor Force Participation Rate," www.bls.gov/data/home.htm

Labor Force Participation Rates, by Age and Gender: U.S. 2010





Supply: Aging of the U.S. Workforce

BLS Data and Projections for 2000 to 2020:

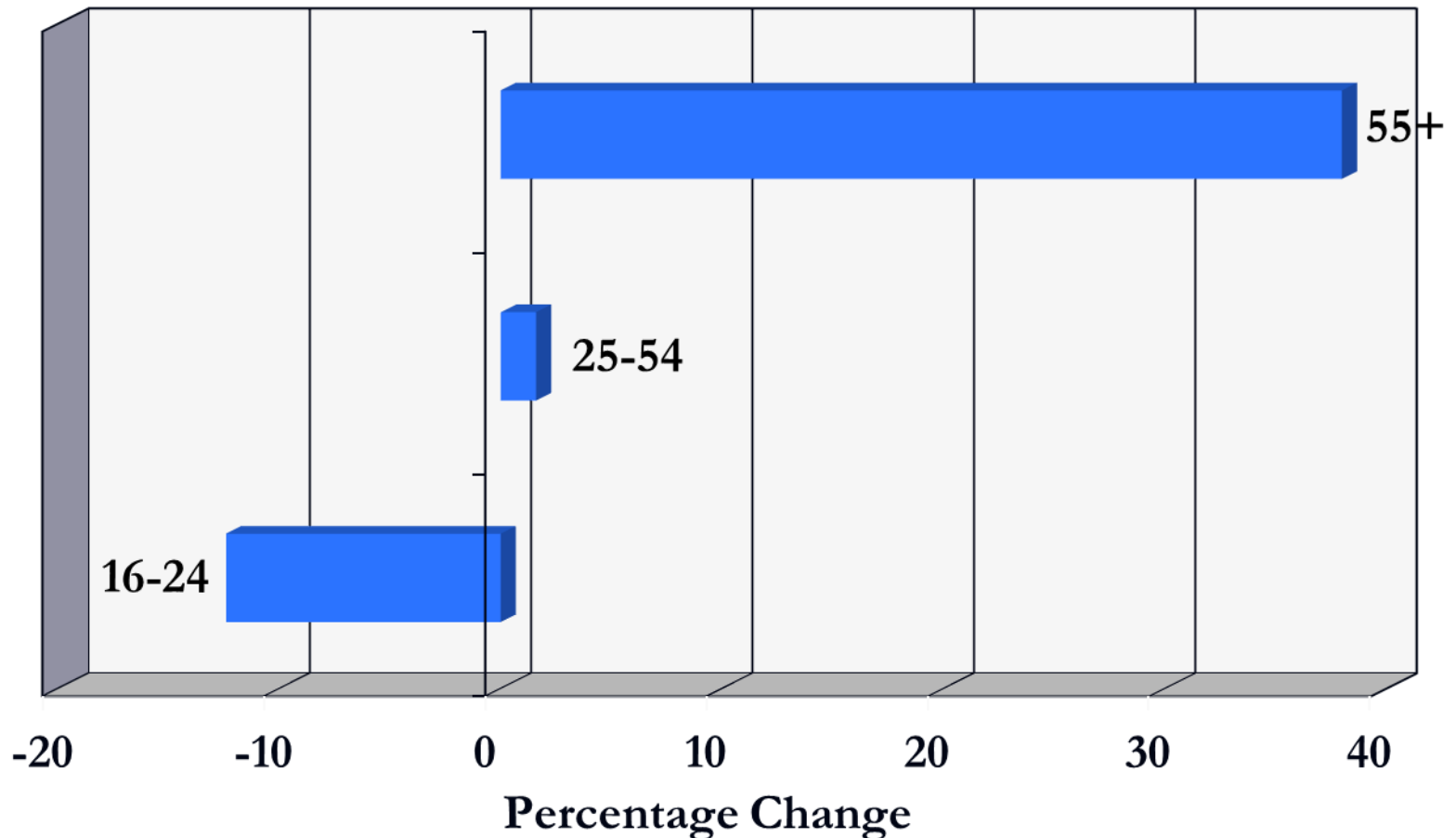
- ♦ The number of workers age 55+ is increasing dramatically.
- ♦ In 2000, workers age 55+ comprised 13.1% of the labor force, but by 2020 their proportion will nearly double to 25.2%.

| <u>Age 55+ Population</u> | <u>Year</u> | | <u>Change</u> | |
|----------------------------------|-------------|-------------|---------------|----------------|
| | <u>2000</u> | <u>2020</u> | <u>Number</u> | <u>Percent</u> |
| Number in labor force (millions) | 18.7m | 41.4m | +22.7m | +121.4% |
| Labor force participation rate: | | | | |
| Total 55+ | 32.4% | 43.0% | na | +32.7% |
| Male | 40.1% | 47.3% | na | +18.0% |
| Female | 26.1% | 39.3% | na | +50.6% |
| Percent of total labor force | 13.1% | 25.2% | na | +92.4% |

Source: Toossi, M. *Monthly Labor Review*, January 2012.

The “Age Twist” in Employment Rates

Percent Change in Projected Labor Force, by Age: 2010-2020



Source: Toossi, M. *Monthly Labor Review*, January 2012.



Myths and Realities about Older Workers

◆ The Stereotype

- ◆ Short tenure on the job; not as motivated
- ◆ Not as creative as younger
- ◆ Less flexible or adaptable
- ◆ Resistant to supervision by younger supervisor

■ The Reality

- BLS data show longer tenure of workers age 50+ than those age 25-34.
- Less creativity is balanced by insight, experience and critical thinking skills
- More cautious and careful; critical thinking skills
- HR surveys: Less than 25% of older workers or supervisors think this.



Myths and Realities about Older Workers

◆ The Stereotype

- ◆ Health problems/chronic illness affect productivity and increase absenteeism
- ◆ Less productive
- ◆ Do not adopt new techniques or technology; low computer skills
- ◆ Overall, more costly to employ

■ The Reality

- Health conditions are manageable, not disabling. Age 50+ workers have the lowest absenteeism rate.
- High levels of math/writing skills; stronger work ethic
- True: Lower percent with computer skills, but learn with appropriate training
- Low absenteeism/turnover; health insurance costs somewhat higher



The Business Case: Employing and Retaining Older Workers

Retention, engagement and investment in workers as they age is good business.

- ◆ Age 45-54 group: Lowest turnover rates, which reduces employer costs.
- ◆ Any declines in manual dexterity and cognitive skills among workers aged 45-59 are offset by stronger business knowledge, communication skills, judgment, and decision-making skills.

Source: Towers Perrin, AARP Report, *Business Case for Workers Age 50+*, 2005.



The Business Case: Employing and Retaining Older Workers

- ♦ Workers age 55+:
 - Highest 'motivation' score: 78.4
 - Youngest workers (18-29): 71.2 (lowest score)
 - Average for all workers: 74.8
- ♦ Retention of older workers provides employers with a “known quantity” premium, compared to a new hire of unknown value.

Source: Towers Perrin, AARP Report, *Business Case for Workers Age 50+*, 2005.



The Business Case: Employing and Retaining Older Workers

- ◆ The top quartile (25%) of corporations with the highest retention rates averaged 18 percent higher earnings per share.

D. Wilkerson, former CEO of Michelin Corp., Tapping Mature Talent Conference, panel presentation, May 3, 2012

- Will this type of information change how employers view an aging workforce?
 - Will older workers have more opportunity to remain employed or to find jobs?
 - Will older workers have the needed computer skills for today's workforce?

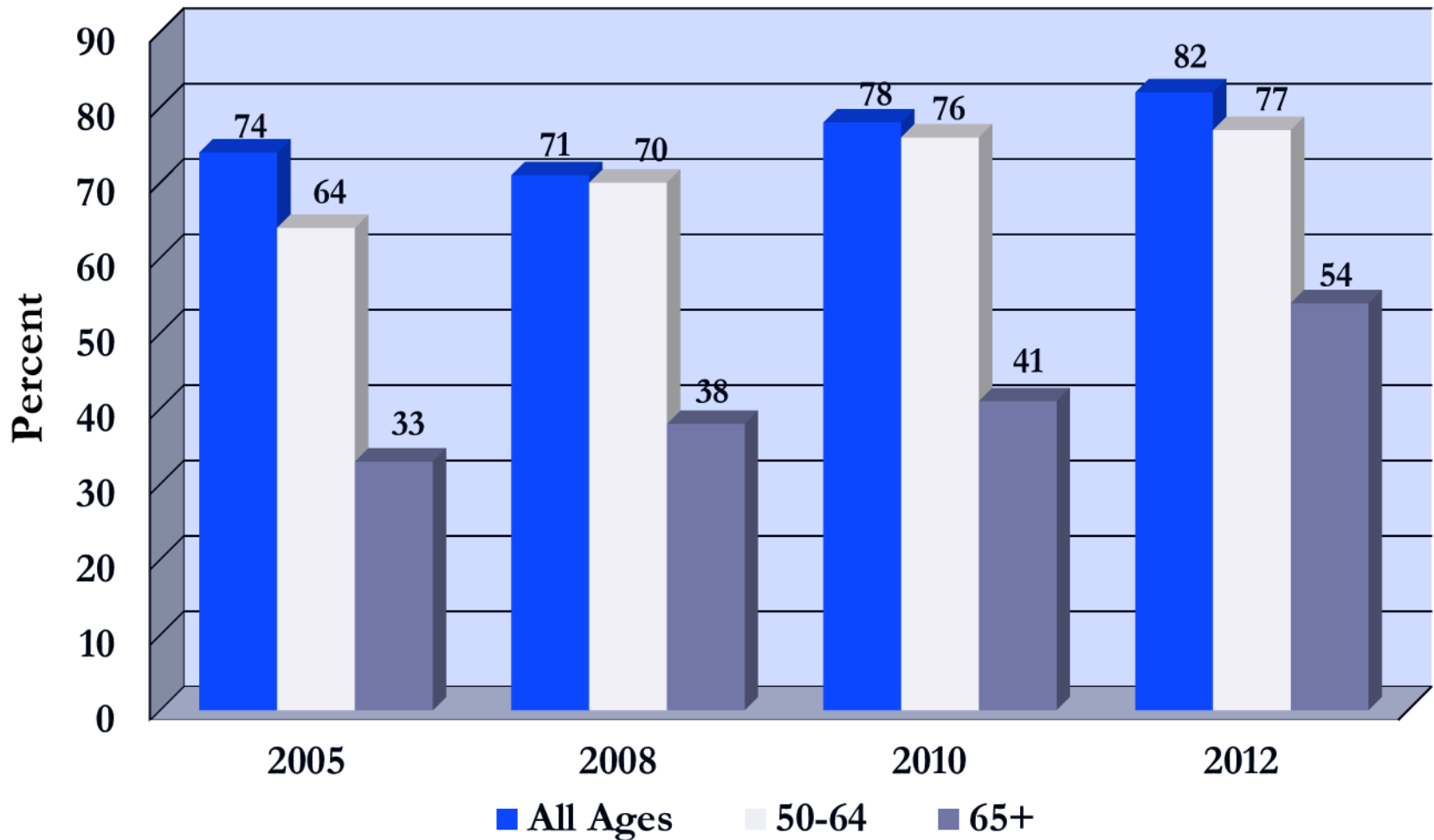


The Senior Digital Divide Persists

The Social and Business Case for Promoting Digital Literacy of Older Americans

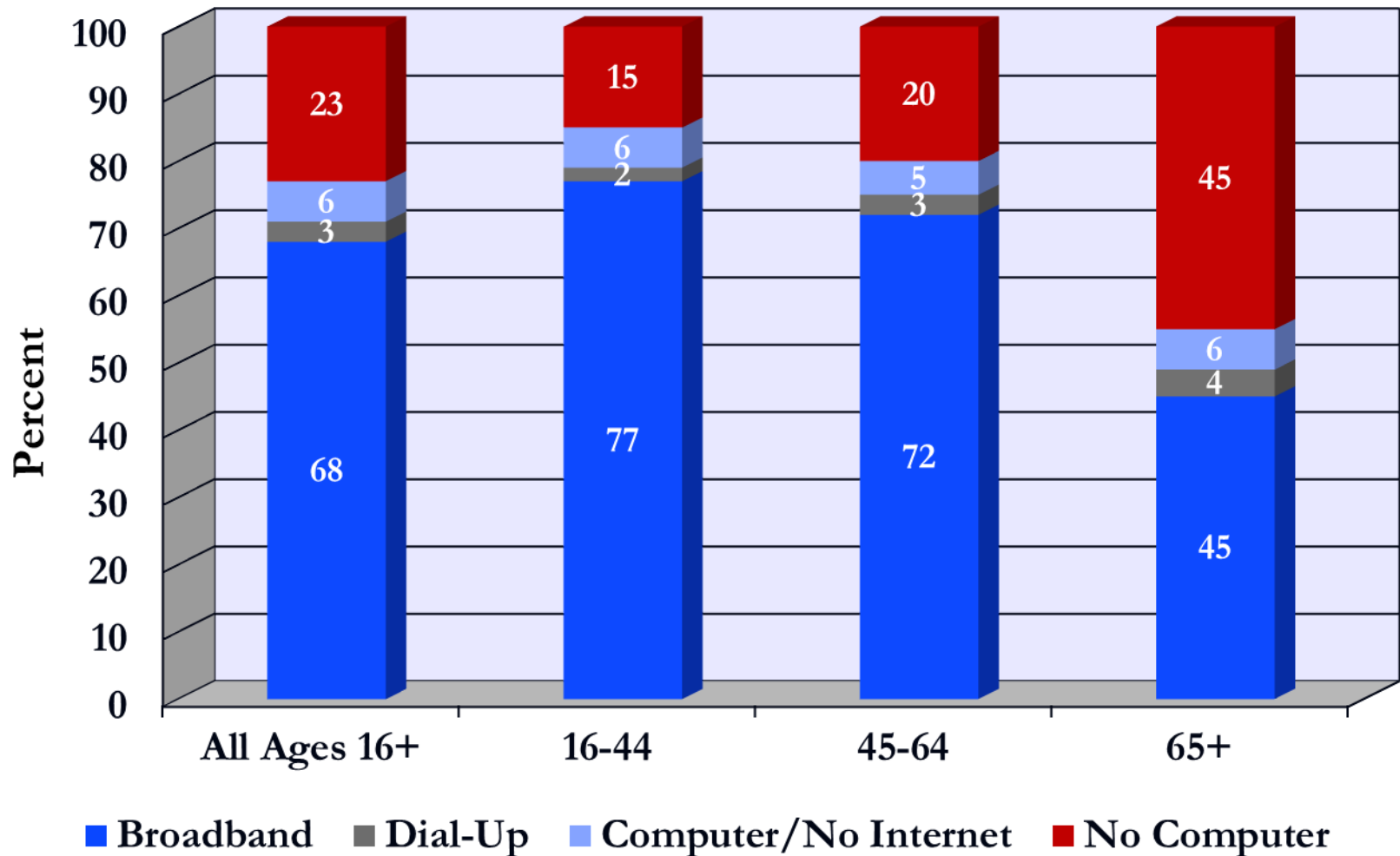
- ◆ Investment in senior digital literacy
 - reduces social isolation of seniors and improves their mental health;
 - addresses the only shortcoming of older persons' skills for today's workforce;
 - improves their physical and economic well-being; and
 - reduces their dependency on family and society as a whole.

Internet Use by Age: U.S., 2005-2012 (percent)



Source: Pew Internet & American Life Project, various survey reports, 2006-2012.

Computer Ownership and Internet Use, by Householder's Age: U.S. 2010 (percent)



Source: U.S. Census, Current Population Survey, Supplement, October 2010.



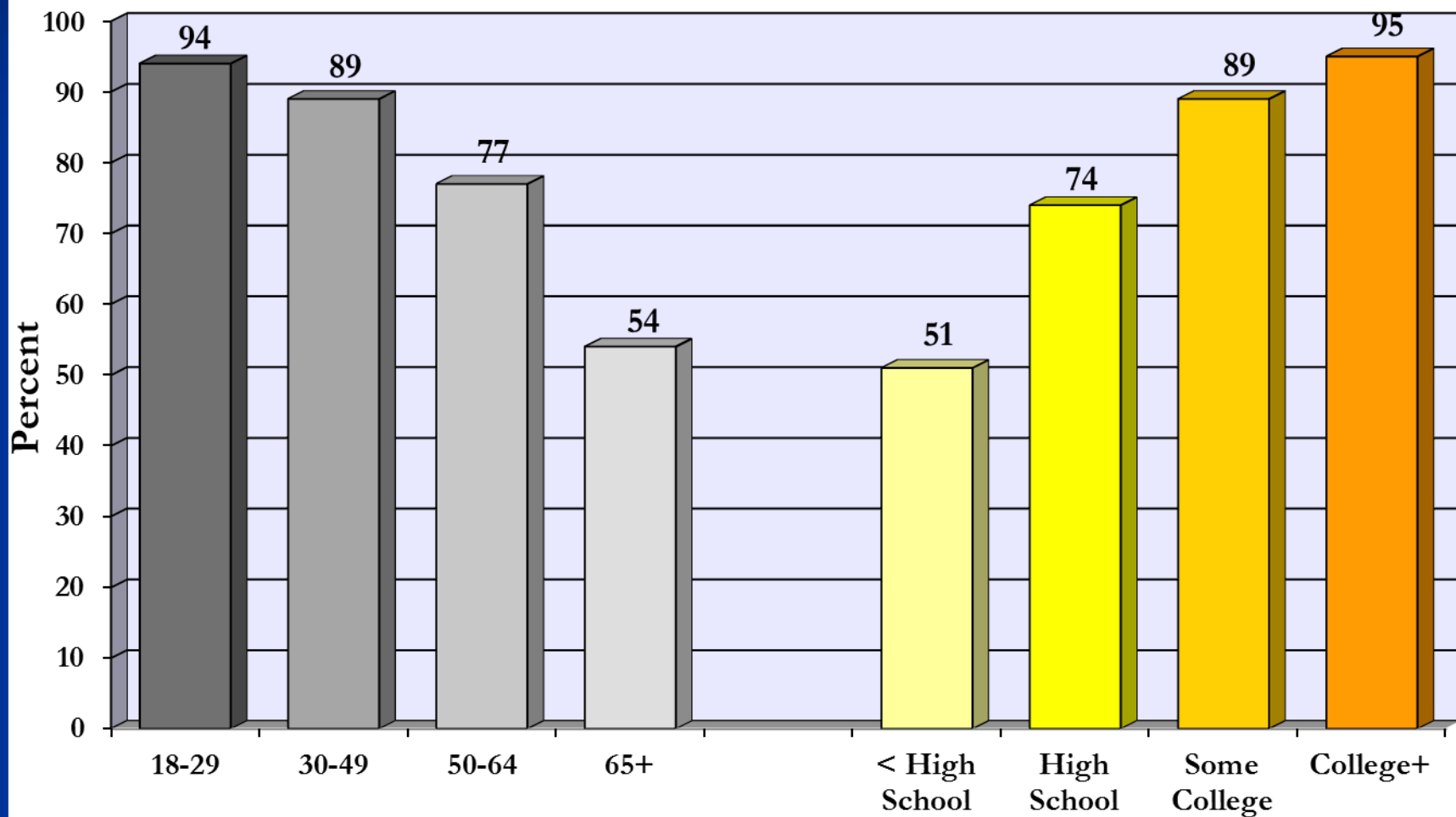
Disadvantaged Seniors: Greatest Risk of being Offline

Senior Digital Illiteracy: Double or Triple Jeopardy

- ◆ Lack of digital access is most prevalent among persons who are age 65+, less educated, lower income, and minorities. For example:
 - In 2012, 18.9% of the age 65+ population did not have a high school diploma, compared to only 8.5% of those ages 25-64.
 - In 2011, the median income of households age 65+ was \$33,118 compared to \$55,640 for households under age 65.



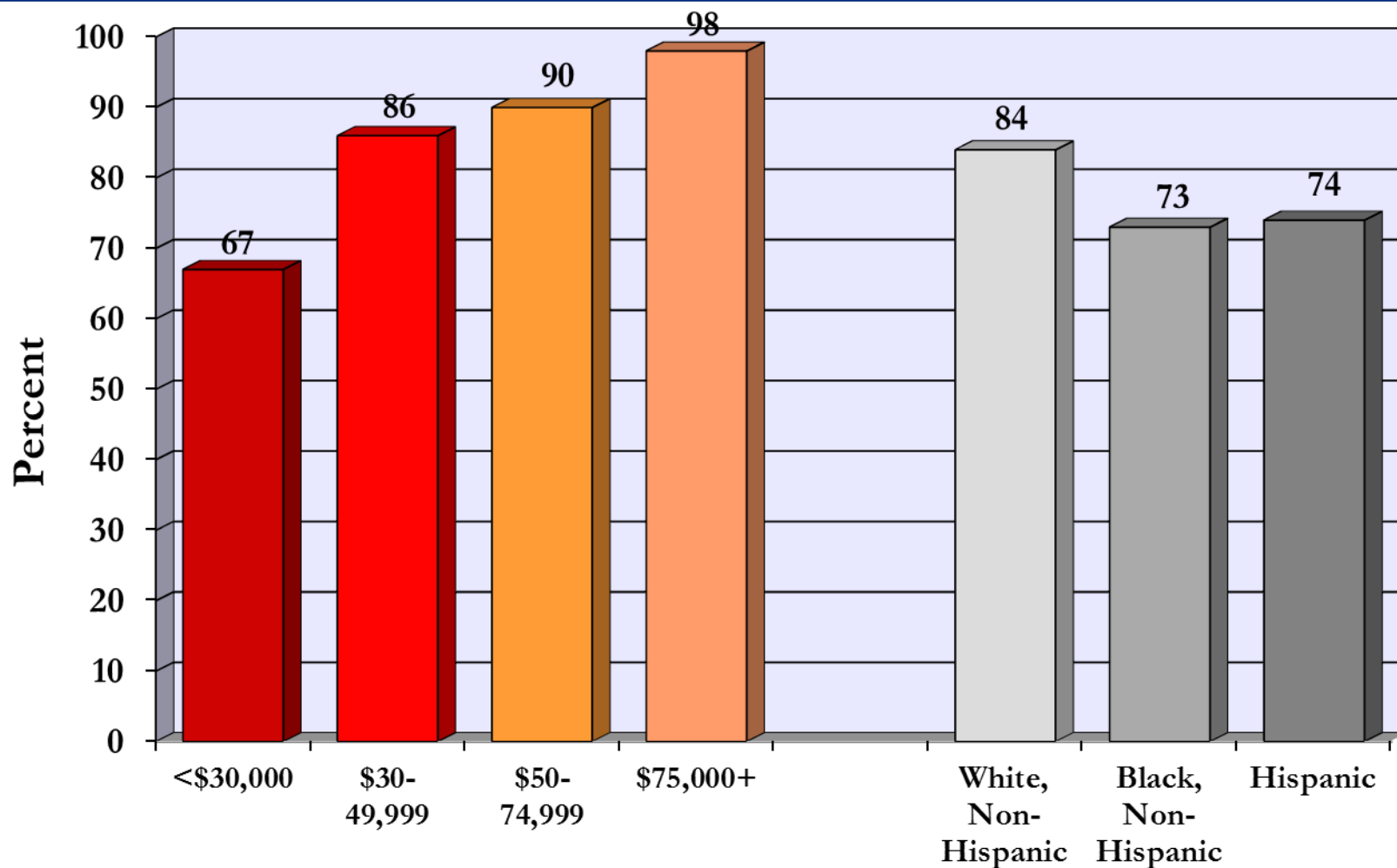
Internet Users, by Age and by Education: U.S., Nov.-Dec. 2012 (percent)



Source: Pew Internet & American Life Project, Trend Data (Adults 18+), Nov.-Dec. 2012 Survey.



Internet Users, by Annual Income, Race, and Hispanic Origin: U.S., Nov.-Dec. 2012 (percent)



Source: Pew Internet & American Life Project, Trend Data (Adults 18+), Nov.-Dec. 2012 Survey.



Concluding Remarks

Public investment in reducing the digital divide among seniors - especially those who are disadvantaged - is a highly worthwhile policy.

- ◆ Americans who are older, less educated, and the poorest are least likely to be digitally literate or to have access to the Internet.
- ◆ Minority elders are most likely to be disadvantaged.
- ◆ Seniors who become digitally literate are less socially isolated, become more integrated with family and friends, feel empowered, and have better physical and mental health.
- ◆ Digital literacy is a critical asset for older Americans to retain their jobs and to succeed in the competitive U.S. labor force.



Senior Digital Literacy

Data references, full citations or additional information
are available upon request.

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